

WORKFORCE OBSERVATIONS

FOR MILWAUKEE COUNTY/WOW COUNTIES

AUGUST 2002



More Seasonal Fluctuation

Continuing on a seasonal pattern of labor force fluctuation, the unemployment rate in the Milwaukee-Waukesha metropolitan area decreased significantly in July. This pattern of relative stability stands in stark contrast to recent volatility observed in financial markets and the economy. For the past month the seasonally adjusted unemployment rate for the **Milwaukee-Waukesha Metropolitan Statistical Area (MSA)** was 5.4%, which is 0.5% lower than the final adjusted rate of 5.9% for June. Despite this significant half-percent decrease, the rate remains above the seasonally adjusted rate observed for the state of Wisconsin, which was 4.7% over the month — a 0.4% decrease from June's final figure. The past month represents the third consecutive month where the metropolitan rate outpaced the state rate. In comparison to the national labor force, both the metropolitan rate and state rate are below the United States seasonally adjusted rate of 5.9%, which has remained stable for the past three months.

Looking at a more historical perspective, the metropolitan unemployment rate is 0.2% higher than the same rate a year ago. As was mentioned in this publication last month, much of the current fluctuation in the unemployment rate is more of a result of seasonal fluctuations in the labor force rather than permanent shocks, such as a mass layoff. Over the course of the past thirteen years, extending back to 1990, the average decrease in the unemployment rate between June and July has been 0.3%. Therefore, the current 0.5% decrease suggests a certain degree of improvement in the region's labor force.

Shifting our focus to the four counties of the metropolitan area, similar decreases were observed over the past month. The **Milwaukee County** not seasonally adjusted unemployment rate stood at 6.4% percent in July. This rate represents a significant decrease of 0.6% over the June rate of seven percent. This decrease in the unemployment rate occurred due to a shift in the composition of the county's labor force. Over the course of the past month, both employment (2,820) and unemployment (-3,150) moved in a positive direction while the overall size of the labor force (-330) decreased. These three factors combined to lead to the decrease in the unemployment rate. As was stated last month, this fluctuation can be attributed to sea-

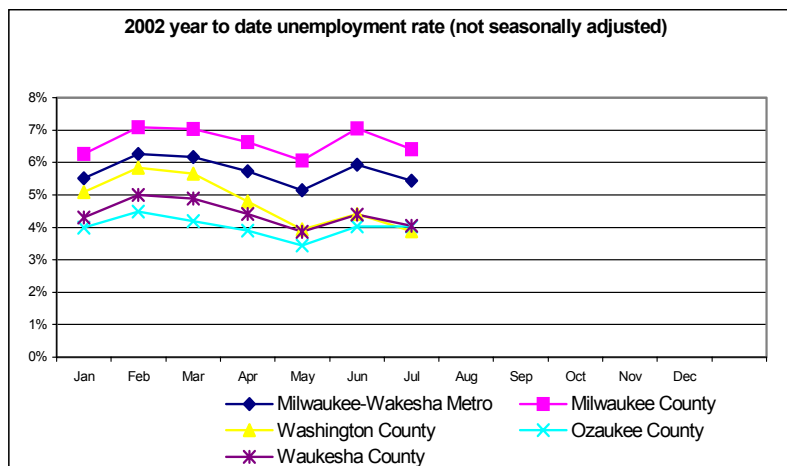
sonal fluctuations in the economy, by and large. However, as the size of the decrease is consistent with similar June-to-July decreases during years of economic expansion, there is cause for a certain degree of optimism for continued recovery over the remainder of the year.

Following from an analysis of the unemployment situation in the metropolitan area, an analysis of employment changes among the major industry sectors in the area show a number of interesting patterns. Among the most stark changes that is observed is a sharp decrease in government employment statewide and in the metropolitan area. However, despite recent discussion of state employee layoffs, this decrease is primarily due to the expiration of the current nine-month academic year contracts for many support workers tied to public and private schools and universities. As they are, for the time being, not reported on the payrolls of these institutions, the positions are considered "lost." Eliminating that from the picture, as well as the nearly 1000 positions added in construction and mining to handle seasonal building demand, the employment figures paint a picture of a region continuing on a path of economic diversification. While manufacturing (-900), transportation, communication, and public utilities (-430) and retail trade (-

250) reported continued significant losses, other sectors, such as finance, insurance and real estate (200 new positions), and services (2,410) reported significant gains, again reinforcing the notion that the region's economy is slowly moving away from a traditional "hard economy" focus.

Looking at the suburban counties of the metropolitan area, the

three WOW counties (Waukesha, Ozaukee, and Washington) reported significantly less fluctuation than the metropolitan area, as a whole. For the month of July, the not seasonally adjusted unemployment rate for Ozaukee County was 4.0%, for Washington County was 3.9%, and for Waukesha County was 4.1%. The fluctuation of these rates from June to July ranged from no change in Ozaukee County to a 0.5% decrease in Washington County, including a 0.3% decrease in Waukesha County. As compared to the same period a year ago, the current unemployment rate is equal to the 2001 rate in Wash-



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ington County, and 0.5% higher than the 2001 rate in Ozaukee and Waukesha County. Much of the shift in the unemployment rate has occurred through a combination of an increase in the number of employed workers and a decrease in the number of unemployed workers. However, unlike the metropolitan area, as a whole, the labor force of the three counties increased by 900 workers over the past month.

Looking again at industry employment, nearly identical fluctuations occurred in the three county area as those that occurred in the metropolitan area. Among the sectors that reported significant job losses, government employment (due to seasonal fluctuations), manufacturing, transportations, communications, and real estate, experienced the greatest losses. Losses in manufacturing employment were centered in Waukesha County, which reported 280 fewer positions than a

month ago. This loss in manufacturing, while again suggesting a continuing trend towards industry diversification, as evidenced through growth in finance, insurance, and real estate and services, continues a period of losses in manufacturing that extends back to November 1999, and has resulted in a loss of nearly 7,000 jobs in the three county area since January 2000.

A number of economic indicators provide a mixed message regarding the future of the current economic recovery. Manufacturing productivity, while continuing at a slower pace, continued to show positive growth in July, and new orders have remained relatively steady. Also, the stable national unemployment rate, while bucking the conventional trend of seasonal fluctuation, shows no sign of future decay. As a result, the consensus among economists is that the nation is not headed for a "double dip" recession, as was once feared.

	Wisconsin	Milwaukee-Waukesha MSA	Milwaukee County/WDA	Washington County	Ozaukee County
July 2002					
Civilian Labor Force*	3,117,000	843,300	498,817	70,562	50,761
Persons Employed	2,970,600	797,400	466,818	67,819	48,714
Persons Unemployed	146,400	45,800	31,999	2,743	2,047
Unemployment Rate	4.7%	5.4%	6.4%	3.9%	4.0%
Total jobs of all non-farm industries**	2,847,337	857,805	551,875	46,550	38,797
Goods Producing Jobs	712,663	193,548	97,645	17,366	13,096
Service Producing Jobs	2,134,674	664,257	454,230	29,183	25,701
Construction & Mining	139,113	35,189	14,504	2,735	1,611
All Manufacturing	573,550	158,359	83,141	14,631	11,486
Transportation, Communications & Public Utilities	129,504	39,360	28,792	1,782	835
Wholesale Trade	139,622	47,421	24,404	2,342	1,558
Retail Trade	512,879	137,656	85,462	8,567	7,253
Finance, Insurance, and Real Estate	154,664	59,073	42,897	2,009	1,980
Services	810,007	293,272	211,126	9,332	10,361
All Government	387,998	87,475	61,548	5,151	3,714
Change from June 2002					
Civilian Labor Force*	71,100	-2,100	-330	50	310
Persons Employed	73,200	2,100	2,820	410	290
Persons Unemployed	-2,100	-4,400	-3,150	-360	20
Unemployment Rate	-0.2%	-0.5%	-0.6%	-0.5%	0.0%
Total jobs of all non-farm industries**	-20,710	-7,170	-5,110	-500	-340
Goods Producing Jobs	6,440	90	-60	-10	-20
Service Producing Jobs	-27,140	-7,260	-5,040	-490	-320
Construction & Mining	3,220	990	410	80	50
All Manufacturing	3,220	-900	-470	-80	-70
Transportation, Communications & Public Utilities	-3,040	-430	-310	-20	-10
Wholesale Trade	300	-90	-40	0	0
Retail Trade	1,800	-250	-160	-20	-10
Finance, Insurance, and Real Estate	970	200	150	10	10
Services	7,860	2,410	1,730	80	90
All Government	-35,030	-9,110	-6,410	-540	-390
Change from July 2001					
Civilian Labor Force*	56,340	17,350	9,800	1,300	1,170
Persons Employed	50,550	14,350	8,430	1,230	880
Persons Unemployed	5,790	2,900	1,370	70	290
Unemployment Rate	0.1%	0.2%	0.2%	0.0%	0.5%
Total jobs of all non-farm industries**	12,030	10	1,110	-230	-150
Goods Producing Jobs	-13,230	-4,870	-2,470	-440	-330
Service Producing Jobs	25,260	4,880	3,580	210	180
Construction & Mining	1,560	-730	-300	-60	-30
All Manufacturing	-14,790	-4,130	-2,170	-380	-300
Transportation, Communications & Public Utilities	-2,120	610	450	30	10
Wholesale Trade	300	-590	-300	-30	-20
Retail Trade	4,000	350	220	20	20
Finance, Insurance, and Real Estate	2,500	340	250	10	10

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